

State of California

DEPARTMENT OF INDUSTRIAL RELATIONS

MEMORANDUM

DATE: October 28, 2011

TO: Christine Baker, Acting Director, DIR

FROM: Maria Y. Robbins, Acting Chief, DLSR *MR*

SUBJECT: Overtime Exemption for Computer Software Employees

Labor Code Section 515.5 provides that certain computer software employees are exempt from the overtime requirements stipulated in Labor Code Section 510 if certain criteria are met. One of the criteria is that the employee's hourly rate of pay is not less than the statutorily specified rate, which the Division of Labor Statistics and Research is responsible for adjusting October 1<sup>st</sup> of each year to be effective on January 1<sup>st</sup> of the following year by an amount equal to the percentage increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers.

Assembly Bill 10 (Committee on Budget, Chapter 753, Statutes of 2008) amended Labor Code Section 515.5 effective on September 30, 2008, to extend the exemptions to salaried employees whose annual and monthly salaries are not less than the statutorily specified rates, which the Division of Labor Statistics and Research is responsible for adjusting October 1<sup>st</sup> of each year to be effective on January 1<sup>st</sup> of the following year by an amount equal to the percentage increase in the California Consumer Price Index (CCPI) for Urban Wage Earners and Clerical Workers.

The Division has maintained the same rate of pay since 2008 because there was no net percentage increase in the CCPI for Urban Wage Earners and Clerical Workers from the August 2008 to the August 2010 Index Values. The CCPI increased between August 2009 and August 2010 (1.1%), but the Division did not change the rate of pay because the Division also did not change the rate from 2008 to 2009 when the CCPI dropped by 1.4%. Since there is now a net increase from 2008 to 2011, the Division has adjusted the rates based on the percentage change from 2008. Data used to adjust these figures is summarized below:

---Urban Wage Earners and Clerical Workers (all items 1982-84 = 100)---

<u>Index</u>	<u>August 2008 Index Value</u>	<u>August 2011 Index Value</u>	<u>% Change from 2008</u>
CCPI	220.946	226.427	2.5%

In accordance with Labor Code Section 515.5(a)(4), the Division of Labor Statistics and Research has adjusted the computer software employee's minimum hourly rate of pay exemption

from \$37.94 to \$38.89, the minimum monthly salary exemption from \$6,587.50 to \$6,752.19, and the minimum annual salary exemption from \$79,050.00 to \$81,026.25 effective January 1, 2012, reflecting the 2.5% increase in the California Consumer Price Index for Urban Wage Earners and Clerical Workers.